

**BEFORE THE  
CALIFORNIA BOARD OF ACCOUNTANCY  
DEPARTMENT OF CONSUMER AFFAIRS  
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

RICHARD ALLEN PRICE  
703 Market Street, Suite 1100  
San Francisco, California 94103  
Certified Public Accountant Certificate  
No. CPA 16694,

and

REUBEN E. PRICE & CO.  
Richard Allen Price, Sole Shareholder  
703 Market Street, #1200  
San Francisco, California 94103  
Accountancy Corporation  
No. COR 3402,

Respondents.

Case No. AC-2007-17  
(Richard Allen Price)

and

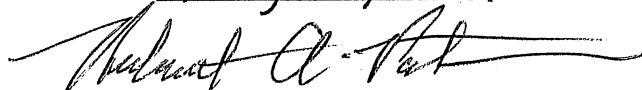
Case No. AC-2007-16  
(Reuben E. Price & Co.)

**DECISION AND ORDER**

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in this matter.

This Decision shall become effective on June 25, 2009.

It is so ORDERED May 26, 2009.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY

DEPARTMENT OF CONSUMER AFFAIRS

1 EDMUND G. BROWN JR., Attorney General  
of the State of California  
2 WILBERT E. BENNETT  
Supervising Deputy Attorney General  
3 DIANN SOKOLOFF, State Bar No. 161082  
Deputy Attorney General  
4 1515 Clay Street, 20<sup>th</sup> Floor  
P.O. Box 70550  
5 Oakland, CA 94612-0550  
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6 Facsimile: (510) 622-2121

7 Attorneys for Complainant

8 **BEFORE THE**  
9 **CALIFORNIA BOARD OF ACCOUNTANCY**  
10 **DEPARTMENT OF CONSUMER AFFAIRS**  
**STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:

12 RICHARD ALLEN PRICE  
703 Market Street, Suite 1100  
13 San Francisco, California 94103  
Certified Public Accountant Certificate  
14 No. CPA 16694,

15 and

16 REUBEN E. PRICE & CO.  
Richard Allen Price, Sole Shareholder  
17 703 Market Street, #1200  
San Francisco, California 94103  
18 Accountancy Corporation  
No. COR 3402,

19 Respondents.  
20

Case No. AC-2007-16: (Reuben E. Price & Co.)  
and  
Case No. AC-2007-17 (Richard Allen Price)

**STIPULATED SETTLEMENT AND  
DISCIPLINARY ORDER**

21 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-  
22 entitled proceedings that the following matters are true:

23 PARTIES

24 **PARTIES AND JURISDICTION**

25 1. Carol Sigmann, who was the Complainant in this matter and filed this matter before  
26 the California Board of Accountancy, was, at the time, the Executive Officer of the Board, and  
27 brought this action solely in her official capacity. For purposes of resolving this matter, Patti  
28 Bowers, is the current Executive Officer of the Board, and succeeds Ms. Sigmann as the

1 Complainant. The Complainant is represented in this matter by Edmund G. Brown Jr., Attorney  
2 General of the State of California, by Wilbert E. Bennett and Diann Sokoloff, Deputy Attorneys  
3 General.

4 2. Respondents Richard Allen Price and Reuben E. Price and Company are represented  
5 in this proceeding by attorney Vincent O'Gara, whose address is 88 Kearny Street, 10th Floor,  
6 San Francisco, California 94108.

7 3. On or about August 6, 1971, the California Board of Accountancy issued Certified  
8 Public Accountant Certificate Number CPA 16694 to Richard Allen Price ("Respondent Price").  
9 The certificate has been renewed, albeit with interim periods of delinquency, through February  
10 28, 2009. The CPA certificate's history of renewals includes the following delinquent periods:  
11 March 1, 1997 through April 9, 2000; March 1, 2003 through November 25, 2003; and March  
12 1, 2005 through April 19, 2005.

13 4. On or about August 10, 1988, the California Board of Accountancy issued  
14 Accountancy Corporation Number COR 3402 to Reuben E. Price & Co., referred to herein as the  
15 "Respondent Corporation." The Accountancy Corporation certificate was delinquent for the  
16 following periods: September 1, 2002 through October 20, 2002; September 1, 2004, through  
17 November 6, 2005; and September 1, 2006 through October 26, 2006. The certificate is  
18 currently renewed through August 31, 2008. The sole shareholder in the accountancy  
19 corporation is Respondent Richard Allen Price.

#### 20 JURISDICTION

21 5. Accusation Nos. AC-2007-17 and AC-2007-16 ("Accusation") were filed before  
22 the California Board of Accountancy (Board), Department of Consumer Affairs, and are  
23 currently pending against Respondents. The Accusation and all other statutorily required  
24 documents were properly served on Respondents on January 19, 2007. Respondents timely filed  
25 their Notice of Defense contesting the Accusation. A copy of the Accusation is attached as  
26 Exhibit A and incorporated herein by reference.

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1                                   **WAIVERS, RESTRICTIONS & CONTINGENCY**

2           6. Respondent Price, on behalf of himself and Respondent Corporation, has carefully  
3 read, fully discussed with counsel, and understands the charges and allegations in Accusation No.  
4 AC-2007-16 and AC-2007-17. Respondent Price also carefully read, fully discussed with  
5 counsel, and understands the effects of this Stipulated Settlement and Disciplinary Order on both  
6 respondents' licenses.

7           7. Respondent Price is fully aware of his legal rights in this matter, including the right to  
8 a hearing on the charges and allegations in the Accusation; the right to be represented by counsel  
9 at his own expense; the right to confront and cross-examine the witnesses against him; the right  
10 to present evidence and to testify on his own behalf; the right to the issuance of subpoenas to  
11 compel the attendance of witnesses and the production of documents; the right to reconsideration  
12 and court review of an adverse decision; and all other rights accorded by the California  
13 Administrative Procedure Act and other applicable laws. Respondent, on behalf of himself and  
14 his corporation, voluntarily, knowingly, and intelligently waives and gives up each and every  
15 right set forth above.

16           8. This stipulation shall be subject to approval by the California Board of Accountancy..  
17 Respondents understand and agree that counsel for Complainant and the staff of the California  
18 Board of Accountancy may communicate directly with the Board regarding this stipulation and  
19 settlement, without notice to or participation by Respondents. By signing the stipulation on  
20 behalf of both licensees, Respondent Price understands and agrees that he may not withdraw his  
21 agreement or seek to rescind the stipulation, with respect to either license, prior to the time the  
22 Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision and  
23 Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except for  
24 this paragraph, it shall be inadmissible in any legal action between the parties, and the Board  
25 shall not be disqualified from further action by having considered this matter.

26           9. Respondents understand that by signing this stipulation they enable the Board to issue  
27 an order imposing discipline upon the respective licenses without further process.

28   ///

1                                   **ADMISSIONS, FINDINGS, AND FURTHER STIPULATIONS**

2           10. Respondents admit the truth of each and every charge and allegation in Accusation  
3 Nos. AC-2007-16 and AC-2007-17.

4           11. Respondent agrees that his Certified Public Accountant Certificate No. 16694 and  
5 his Accountancy Corporation Certificate No. COR 3402 are subject to discipline and he agrees to  
6 be bound by the Board's imposition of discipline as set forth in the Disciplinary Order below.

7           12. The parties stipulate that, for the purpose of cost recovery under Code Section 5107,  
8 the Board's reasonable costs of investigation and prosecution in this matter are \$12,964.99.

9           13. The parties understand and agree that facsimile copies of this Stipulated Settlement  
10 and Disciplinary Order, including facsimile signatures thereto, shall have the same force and  
11 effect as the originals.

12                   **IN CONSIDERATION OF THE FOREGOING** admissions and stipulations, the  
13 parties agree that the Board may, without further notice or formal proceeding, issue and enter the  
14 following Disciplinary Order:

15                                   **DISCIPLINARY ORDER**

16           IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 16694  
17 issued to Respondent Richard Allen Price and Accountancy Corporation Certificate No. COR  
18 3402, issued to Respondent Richard Allen Price are each revoked. However, the revocations are  
19 stayed and Respondents' respective licenses are each placed on probation for three (3) years on  
20 the following terms and conditions.

21           1. **Actual Suspension.** Certified Public Accountant Certificate No. CPA 16694 and  
22 Accountancy Corporation License No. COR 3402 are each suspended for a period of 90 days.  
23 During the period of suspension, the Respondents shall engage in no activities for which  
24 certification as a Certified Public Accountant or Public Accountant is required as described in  
25 Business and Professions Code, Division 3, Chapter 1, Section 5051, and Respondent may not  
26 operate as an accountancy corporation.

27           2. **Obey All Laws.** Respondent shall obey all federal, California, other  
28 states' and local laws, including those rules relating to the practice of public accountancy in

1 California.

2       **3. Submit Written Reports.** Respondent shall submit, within ten (10) days  
3 of completion of the quarter, written reports to the Board on a form obtained from the Board.  
4 The Respondent shall submit, under penalty of perjury, such other written reports, declarations,  
5 and verification of actions as are required. These declarations shall contain statements relative to  
6 Respondent's compliance with all the terms and conditions of probation. Respondent shall  
7 immediately execute all release of information forms as may be required by the Board or its  
8 representatives.

9       **4. Personal Appearances.** Respondent shall, during the period of probation, appear in  
10 person at interviews/meetings as directed by the Board or its designated representatives, provided  
11 such notification is accomplished in a timely manner.

12       **5. Ethics Course/Examination.** Respondent shall take and pass with a score of 90  
13 percent or better a Board approved ethics examination. If Respondent fails to pass said  
14 examination within two attempts, Respondent shall so notify the Board and shall cease practice  
15 until Respondent takes and successfully passes said exam, has submitted proof of same to the  
16 Board, and has been notified by the Board that he may resume practice. Failure to pass the  
17 required examination no later than 100 days prior to the termination of probation shall constitute  
18 a violation of probation.

19       **6. Continuing Education Courses.** Respondent shall complete 24 hours of professional  
20 education courses as specified by the Board or its designee at the time of Respondent's first  
21 probation appearance. The professional education courses shall be completed within a period of  
22 time designated and specified in writing by the Board or its designee, which time-frame shall be  
23 incorporated as a condition of this probation. This shall be in addition to continuing education  
24 requirements for relicensing. Failure to satisfactorily complete the required courses as scheduled  
25 or failure to complete same no later than 100 days prior to the termination of probation shall  
26 constitute a violation of probation.

27       **7. Active License Status.** Respondent shall at all times maintain an active license status  
28 with the Board, including during any period of suspension. If the license is expired at the time

1 the Board's decision becomes effective, the license must be renewed within 30 days of the  
2 effective date of the decision.

3       **8. Cost Reimbursement.** Respondent shall reimburse the Board \$12,964.99 for its  
4 investigation and prosecution costs. The payment shall be made in 10 equal installments, due  
5 with Respondents' quarterly written reports. All payments must be completed four months  
6 before probation is scheduled to terminate.

7       **9. Practice Investigation.** Respondent shall be subject to, and shall permit, practice  
8 investigation of the Respondent's professional practice. Such a practice investigation shall be  
9 conducted by representatives of the Board, provided notification of such review is accomplished  
10 in a timely manner.

11       **10. Comply With Citations.** Respondent shall comply with all final orders resulting  
12 from citations issued by the Board of Accountancy.

13       **11. Tolling of Probation For Out-of-State Residence/Practice.** In the event  
14 Respondent should leave California to reside or practice outside this state, Respondent must  
15 notify the Board in writing of the dates of departure and return. Periods of non-California  
16 residency or practice outside the state shall not apply to reduction of the probationary period, or  
17 of any suspension. No obligation imposed herein, including requirements to file written reports,  
18 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise  
19 affected by such periods of out-of-state residency or practice except at the written direction of the  
20 Board.

21       **12. Comply With Probation.** Respondent shall fully comply with the terms and  
22 conditions of the probation imposed by the Board and shall cooperate fully with representatives  
23 of the Board of Accountancy in its monitoring and investigation of the Respondent's compliance  
24 with probation terms and conditions.

25       **13. Violation of Probation.** If Respondent violates probation in any respect, the Board,  
26 after giving Respondent notice and an opportunity to be heard, may revoke probation and carry  
27 out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is  
28 filed against Respondent during probation, the Board shall have continuing jurisdiction until the

1 matter is final, and the period of probation shall be extended until the matter is final.

2 14. **Completion of Probation.** Upon successful completion of probation, Respondent's  
3 license will be fully restored.

4 ACCEPTANCE

5 I have carefully read the above Stipulated Settlement and Disciplinary Order and  
6 have fully discussed it with my attorney, Vincent O'Gara. I understand the stipulation and the  
7 effect it will have on my Certified Public Accountant Certificate and Accountancy Corporation  
8 Certificate. I enter into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly,  
9 and intelligently, and agree to be bound by the Decision and Order of the California Board of  
10 Accountancy.

11 DATED: March 12, 2009

12 Richard Allen Price  
13 RICHARD ALLEN PRICE, CPA, Respondent  
(Also signed on behalf of Reuben E. Price & Co.)

14 I have read and fully discussed with Respondent Richard Allen Price the terms  
15 and conditions and other matters contained in the above Stipulated Settlement and Disciplinary  
16 Order. I approve its form and content.

17 DATED: March 13, 2009

18 Vincent O'Gara  
19 VINCENT O'GARA  
Attorney for Respondent

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21 ///

22 ///

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1 ENDORSEMENT

2 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully  
3 submitted for consideration by the California Board of Accountancy of the Department of  
4 Consumer Affairs.

5  
6 DATED: 3/19/09

7 EDMUND G. BROWN JR., Attorney General  
8 of the State of California

9 WILBERT E. BENNETT  
Supervising Deputy Attorney General

10  
11   
12 DIANN SOKOLOFF  
13 Deputy Attorney General

14 Attorneys for Complainant  
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21 DOJ Matter ID: SF2006402946  
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**Exhibit A**

**Accusation No. AC-2007-17 and AC-2007-16**

1 EDMUND G. BROWN JR., Attorney General  
of the State of California  
2 WILBERT E. BENNETT  
Supervising Deputy Attorney General  
3 JEANNE C. WERNER, State Bar No. 93170  
Deputy Attorney General  
4 California Department of Justice  
1515 Clay Street, 20<sup>th</sup> Floor  
5 P.O. Box 70550  
Oakland, CA 94612-0550  
6 Telephone: (510) 622-2226  
Facsimile: (510) 622-2121

7 Attorneys for Complainant

8  
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16 and

17 REUBEN E. PRICE & CO.  
ACCOUNTANCY CORPORATION  
18 Richard Allen Price, Sole Shareholder  
703 Market Street, #1200  
19 San Francisco, California 94103  
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20 No. COR 3402,

21 Respondents.

Case No. AC-2007-16: (Reuben E. Price & Co.  
Accountancy Corporation)  
and  
Case No. AC-2007-17 (Richard Allen Price)

**ACCUSATION**

22 Complainant alleges:

23 **PARTIES and JURISDICTION**

24 1. The Complainant herein, Carol Sigmann, brings this action under Business and  
25 Professions Code Section 5100 solely in her official capacity as the Executive Officer of the  
26 California Board of Accountancy, Department of Consumer Affairs ("Board").

27 2. On or about August 6, 1971, the California Board of Accountancy issued Certified  
28

1 Public Accountant Certificate Number CPA 16694 to Richard Allen Price ("Respondent Price").  
2 The certificate has been renewed; albeit with interim periods of delinquency, through February  
3 28, 2007. The CPA certificate's history of renewals includes the following delinquent periods:  
4 March 1, 1997 through April 9, 2000; March 1, 2003 through November 25, 2003; and March  
5 1, 2005 through April 19, 2005.

6 3. On or about August 10, 1988, the California Board of Accountancy issued  
7 Accountancy Corporation Number COR 3402 to Reuben E. Price & Co. Accountancy  
8 Corporation, referred to herein as the "Respondent Firm." The Accountancy Corporation  
9 certificate was delinquent for the following periods: September 1, 2002 through October 20,  
10 2002; September 1, 2004, through November 6, 2005; and September 1, 2006 through October  
11 26, 2006. The certificate is currently renewed through August 31, 2008. The sole shareholder in  
12 the accountancy corporation is Respondent Richard Allen Price.

13 4. During the period from March 1, 2005 through April 19, 2005, both licenses  
14 referenced in paragraphs 2 and 3 above were delinquent.

15 5. This Accusation is brought before the Board under the authority of Section 5100 of  
16 the Business and Professions Code,<sup>1</sup> which provides, in relevant part, that, after notice and  
17 hearing, the board may revoke, suspend or refuse to renew any permit or certificate granted, for  
18 unprofessional conduct including, but not limited to, the following:

- 19 A subdivision (g), the willful violation of the Accountancy Act or any Board rule;
- 20 B. subdivision (h), the suspension of the right to practice before any governmental  
21 body or agency; and
- 22 C. subdivision (l), the imposition of any discipline, penalty, or sanction on a  
23 registered public accounting firm by the Public Company Accounting Oversight  
24 Board ("PCAOB").

25 6. As pertinent herein, Code Section 5050 requires that a person be licensed by  
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27 1. All statutory references are to the Business and Professions Code unless otherwise  
28 indicated.

1 the Board in order to practice public accountancy in the State of California. Code Section 5051  
2 states in pertinent part that a person shall be deemed to be engaged in the practice of public  
3 accountancy if he or she does any of the following:

4 (a) Holds himself or herself out to the public in any manner as one skilled in the  
5 knowledge, science, and practice of accounting, and as qualified and ready to render  
6 professional service therein as a public accountant for compensation.

7 (b) Maintains an office for the transaction of business as a public accountant.

8 (c) Offers to prospective clients to perform for compensation, or who does perform on  
9 behalf of clients for compensation, professional services that involve or require an audit,  
10 examination, verification, investigation, certification, presentation, or review of financial  
11 transactions and accounting records.

12 (f) Keeps books, makes trial balances, or prepares statements, makes audits, or prepares  
13 reports, all as a part of bookkeeping operations for clients.

14 (g) Prepares or signs, as the tax preparer, tax returns for clients.

15 (h) Prepares personal financial or investment plans or provides to clients products or  
16 services of others in implementation of personal financial or investment plans.

17 (i) Provides management consulting services to clients.

18 7. Code section 5156 provides that an accountancy corporation is bound by the same  
19 requirements as any license holder under Code Section 5070, and that an accountancy  
20 corporation registration may be suspended, revoked and/or disciplined for unprofessional  
21 conduct, including any of the causes specified in, or authorized by, Code Section 5100.

22 8. Treasury Department Circular 230 (IRS Regulations, hereinafter "Circular 230")  
23 provides regulations which govern practitioners, including certified public accountants, who  
24 appear before the Internal Revenue Service. Circular 230 provides, in pertinent part:

25 "Disreputable conduct for which a practitioner may be censured, suspended, or  
26 disbarred from practice before the Internal Revenue Service includes section  
27 10.51(f), "wilfully failing to make a Federal tax return in violation of the revenue  
28 laws of the United States, wilfully evading, attempting to evade, or participating  
in any way in evading or attempting to evade any assessment or payment of any  
Federal tax, or knowingly counseling or suggesting to a client or prospective  
client an illegal plan to evade Federal taxes or payment thereof." (Circular 230,

1 Section 10.51(f), formerly Section 10.51(d))

2 9. Code Section 5063(a)(3) requires a licensee to report to the Board, within 30 days of  
3 the date the licensee has knowledge of the event, the suspension of the right to practice as a  
4 certified public accountant before any governmental body or agency.

5 10. Code Sections 118(b) and 5109 provide in pertinent part that the suspension,  
6 expiration, cancellation, or forfeiture of a license issued by the Board shall not deprive the Board  
7 of its authority to investigate, or to institute or continue a disciplinary proceeding against, a  
8 licensee upon any ground provided by law, or to enter an order suspending or revoking the  
9 license or otherwise taking disciplinary action against the licensee on any such ground.

10 11. Code Section 5107 authorizes the Board's recovery of certain costs which result from  
11 the investigation and prosecution of violations of the Accountancy Act. Section 5107(a) of the  
12 Code provides in pertinent part that the executive officer of the Board may request the  
13 administrative law judge, as part of the proposed decision in a disciplinary proceeding, to direct  
14 any holder of a permit or certificate found to have violated the Accountancy Act to pay to the  
15 Board all reasonable costs of investigation and prosecution of the case, including, but not limited  
16 to, attorneys' fees incurred prior to the commencement of the hearing. A certified copy of the  
17 actual costs, or a good faith estimate of costs signed by the Executive Officer, constitute prima  
18 facie evidence of reasonable costs of investigation and prosecution of the case.

19 12. Code Section 5000.1 provides as follows: "Protection of the public shall be the  
20 highest priority for the California Board of Accountancy in exercising its licensing, regulatory,  
21 and disciplinary functions. Whenever the protection of the public is inconsistent with other  
22 interests sought to be promoted, the protection of the public shall be paramount."

### 23 CAUSES FOR DISCIPLINE

#### 24 **Suspension of Right to Practice Before a Governmental Body or Agency** 25 **[Business and Professions Code Section 5100(h)]** 26 **and Failure to Report Same** **[Business and Professions Code Section 5063/5100(g)]**

27 13. Respondent Price is subject to disciplinary action under Section 5100(h) in that his  
28 right to practice as a certified public accountant before the Internal Revenue Service, a

1 governmental body or agency, was suspended by the Office of Professional Responsibility,  
2 Internal Revenue Service, U.S. Department of the Treasury (OPR), for a period from May 1,  
3 2002 to April 30, 2005. The circumstances leading to the imposition of the suspension involved  
4 OPR's allegations regarding the untimely filing of, or the failure to file, Respondent's personal  
5 tax returns. This conduct violates Section 10.51(f) of Circular 230, and is disreputable conduct  
6 and cause for suspension under Circular 230, which governs the practice of CPA's before the  
7 IRS.

8 14. Incorporating by reference the matters alleged in paragraph 13 above, Respondent  
9 Price's suspension from practice before the IRS constitutes the suspension of the right to practice  
10 before a governmental agency within the meaning of Code Section 5100(h), and said suspension  
11 is substantially related to the qualifications, duties or functions of a certified public accountant,  
12 establishing cause for discipline of Respondent's Certified Public Accountant Certificate under  
13 Code Section 5100.

14 15. Incorporating by reference the matters alleged in paragraph 13 above, Respondent  
15 Price's license is subject to discipline under Code Section 5100(g), in conjunction with Code  
16 Section 5063(a)(3), in that Respondent did not report the IRS suspension within thirty days of his  
17 knowledge of the event to the Board, as required by law. Respondent learned of the suspension  
18 on a date known to Respondent but not known to Complainant. However, Respondent knew or  
19 should have known of the suspension at least by the date of the suspension, May 1, 2002.  
20 Respondent was required to report the suspension to the board at the latest by May 31, 2002.  
21 Respondent never reported the suspension, establishing cause for discipline of his license under  
22 Code Section 5100(g).

23 **Imposition of Sanction on Registered Firm by the PCAOB**  
24 **[Business and Professions Code Section 5100(l)/5156]**  
25 **and**  
26 **Unprofessional Conduct by Audit Engagement Partner**  
27 **[Business and Professions Code Section 5100]**

28 16. Respondent Firm is subject to disciplinary action under Section 5100(l) in that the  
Public Company Accounting Oversight Board (PCAOB) imposed a sanction upon the firm when  
the PCAOB censured the firm, based upon its findings concerning the firm's violation of Section

1 10A(b)(2) of the Securities Exchange Act of 1934 ("Exchange Act"). The PCAOB's Order  
2 Instituting Disciplinary Proceedings, Making Findings and Imposing Sanctions, dated April 18,  
3 2006, was entered pursuant to Respondent Firm's consent.

4 17: In its Order, the PCAOB found that the Respondent Firm failed to take prompt and  
5 appropriate steps in response to indications that an issuer audit client may have committed an  
6 illegal act. The circumstances were that:

7 A. Universal Communication Systems, Inc. ("Universal") included a document in its  
8 2003 Form 10-KSB filing with the United States Securities and Exchange Commission which  
9 Universal falsely claimed was an audit report issued by the Respondent Firm. In fact, the report  
10 was only a draft audit report, as the Respondent Firm had not issued the audit report nor  
11 completed the audit.

12 B. The Respondent Firm learned of the unauthorized use of its name in connection with  
13 the financial statements included in Universal's SEC filing on the same date that Universal filed  
14 its 2003 Form 10-KSB, that is, on January 13, 2004. During the 15 weeks that followed, the  
15 Respondent Firm was aware that Universal's management failed to take appropriate remedial  
16 actions with respect to the unauthorized use of its name and the representation concerning the  
17 audit report. (On May 4, 2004, Universal filed a Form 8-K with the SEC, disclosing that the  
18 Respondent Firm was unwilling to be associated with the financial statements Universal had filed  
19 on January 13, 2004, because it had not completed its audit procedures relating to those financial  
20 statements.)

21 C. The Respondent Firm knew that the apparently illegal act had a material effect on  
22 Universal's financial statements, and that Universal's failure to take remedial action would  
23 warrant Respondent Firm's resignation from the engagement. Under Section 10A(b)(2) of the  
24 Exchange Act, the Respondent Firm was obligated to directly report those conclusions to  
25 Universal's board of directors "as soon as practicable." However, Respondent Firm failed to  
26 promptly report the apparently illegal act, and did so only when prompted by the prospect of an  
27 imminent PCAOB inspection. At that point, the Respondent Firm sent a letter formally  
28 notifying Universal regarding the improper use of the firm's name/draft audit report.



1 18. Incorporating by reference the matters alleged in paragraphs 16 and 17 above,  
2 Respondent Firm's censure by the PCAOB constitutes the imposition of a sanction on a  
3 registered public accounting firm by the PCAOB within the meaning of Code Section 5100(l),  
4 establishing cause for discipline of the Respondent Firm's Certified Public Accountancy  
5 Corporation registration under Code Section 5156.

6 19. It is further alleged that:

7 A. Universal was an audit client of Respondent Price and/or of the Respondent Firm.

8 B. Respondent Richard Allen Price was the "lead partner" on the engagement and would  
9 have been responsible for signing, issuing, and/or releasing the audit report on behalf of the  
10 Respondent Firm. Respondent Price is the sole shareholder of the Respondent Firm.

11 Respondent Price knew or should have known of the matters set forth in paragraph 17 above.

12 20. Incorporating by reference the matters alleged in paragraphs 16, 17 and 19 above,  
13 cause for discipline of Respondent Price's license is established in that, as the audit engagement  
14 partner and sole shareholder of the licensed corporation, his failure to promptly act as required by  
15 securities laws constitutes general unprofessional conduct within the meaning of Code Section  
16 5100.

17 **Unlicensed Practice**  
**[Business & Professions Code Section 5050 & 5051/5100(g)]**

18 21. The periods of license delinquency for the CPA Certificate and for the Accountancy  
19 Corporation registration set forth in paragraphs 2 through 4 are incorporated herein as though  
20 fully set forth.

21 22. It is alleged that, at times and on occasions known to Respondent Price but not to  
22 Complainant, he and his accountancy corporation have practiced public accountancy within the  
23 meaning of Code Section 5051 during periods of delinquency, thus violating Code Section 5050  
24 which requires a valid permit for practice, and establishing cause for discipline under code  
25 section 5100(g).

26 **OTHER MATTERS**

27 **Cost Recovery**

28 23. Pursuant to Code Section 5107, it is requested that the administrative law judge, as

1 part of the proposed decision in this proceeding, direct Respondent Price and Respondent Firm to  
2 pay to the Board all reasonable costs of investigation and prosecution in these cases, including,  
3 but not limited to, attorneys' fees.

#### 4 **Aggravation of Penalty**

5 24. It is charged that the nature of the "PCAOB violation" (public reliance on  
6 financial statements), as well as the number of, and duration of, other violations over time  
7 (license delinquencies, failure to report IRS suspension) are factors to be considered in  
8 aggravation of penalty. Code section 5000.1 is relevant to the penalty determination in this  
9 matter.

#### 10 **PRAYER**

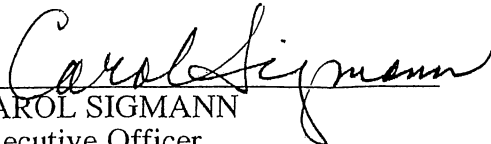
11 WHEREFORE, Complainant requests that a hearing be held on the matters herein  
12 alleged, and that following the hearing, the California Board of Accountancy issue a decision:

13 1. Revoking or suspending or otherwise imposing discipline upon Certified Public  
14 Accountant Certificate Number CPA 16694, issued to Richard Allen Price;

15 2. Revoking or suspending or otherwise imposing discipline upon Accountancy  
16 Corporation Number COR 3402, issued to Reuben E. Price & Co., a licensed corporation of  
17 which Richard Allen Price, CPA Certificate No. 16694, is the sole shareholder;

18 3. Ordering Respondent Richard Allen Price (and Reuben E. Price & Co.) to pay the  
19 California Board of Accountancy the reasonable costs of the investigation and enforcement of  
20 these cases, pursuant to Business and Professions Code section 5107;

21 4. Taking such other and further action as deemed necessary and proper.

22 DATED: January 11, 2007 

23 CAROL SIGMANN  
24 Executive Officer  
25 California Board of Accountancy  
26 Department of Consumer Affairs  
27 State of California  
28 Complainant